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SUBJECT: Governance, Capacity and Infrastructure Challenges in Southern Sudan Two years After CPA

Ref: a.) Khartoum 613, b.) Khartoum 591

¶11. (SBU) Summary: ConGen Juba staff visits to key Southern Sudan cities reveal weak but emerging local governments trying to fill the void of undelivered services from the central government. Capacity is limited, with most decision-making concentrated in a few people trained in the Diaspora. Infrastructure remains almost as limited as before the Comprehensive Peace Agreement (CPA) was signed. Nevertheless, returnees keep coming back, but are increasingly frustrated and impatient with the state of the "peace dividends." Blame for the lack of development is shared between Khartoum's perceived efforts at destabilization of the South and the Government of Southern Sudan's (GOSS) mismanagement, financial limitations, and corruption. The majority of people appear to support separation in the 2011 referendum. End Summary.

¶12. (U) In a series of visits over the last few months to key cities in several states, specifically, Yei (Central Equatoria), Yambio (West Equatoria), Torit (East Equatoria), Maluol Kan (North Bahr el Ghazal,) Wau (West Bahr el Ghazal), Rumbek (Lakes), Malakal and Renk (Upper Nile), Bor (Jonglei) and Bentiu (Unity), ConGen staff have called on local leaders, NGO partners, UN officials, Sudan People's Liberation Movement (SPLM) and Sudan People's Liberation Army (SPLA) representatives to assess the state of social, economic, security and political conditions. The GOSS generally gets a failing grade on service delivery and local governments are struggling to provide the basic necessities without much support from the center.

¶13. (U) Many state and local civil servants are not being paid regularly because of the lack of funds at those levels. Local officials note that key GOSS ministries, including health, education and roads, failed to spend their fiscal year 2006 budgets, leaving the local governments holding the bag on salaries and service delivery. Local governments are also spending beyond their budgets or taking out loans for their planned activities.

¶14. (U) In addition, the GOSS Ministry of Finance and Economic Planning has reportedly failed to disburse funds to the states which were allocated under the Southern Sudan January 2007 budget. GOSS Ministers assert that the now suspended former Minister of Finance, Arthur Akuien Chol, had refused to release their funds when requested. Moreover, the 2007 budget provides for "block grants" in the areas of health, education and agriculture, with the same amount for each state regardless of size and population. Consequently, even when the funds are released many states will still find themselves unable to provide critical services.

Bloated Payrolls and Unskilled Workers

¶15. (U) An additional issue is the inequity in employee salaries, when they are paid, and the levels of incompetence in the civil service, resulting from the merger of employment systems with different "ideologies," as one interlocutor described it. Southern Sudan continues to carry pre-CPA employees from the Civil Authority of New Sudan (CANS) system, who work alongside the newly hired GOSS and local government employees, as well as staff originally employed

by the government in Khartoum. In some cases the GOSS and post-CPA employees, who tend to be better educated, are paid and the CANS workers are not. The South's payrolls are swollen with redundant, aged, and ghost workers who are a holdover from the CANS system, many of whom remain on the rolls as SPLM/A loyalists. The GOSS admits that seventy percent of its budget, almost USD 50 million a month, is used for salaries and state transfers and operating costs, leaving little for development. The Yei Commissioner told ConGen staff that he has over 2,000 civil servants in Yei of whom about 450 are from the GOSS. The CANS employees, who generally do not get paid but receive an "incentive" only, lack a strong work ethic, the Commissioner asserted.

¶16. (U) The GOSS Acting Minister of Finance Gabriel (Changson) Chang has publicly criticized the gap between revenue and spending at the central level and has proposed to establish a cash management committee to limit government spending. Changson has also called for a hiring freeze and wants to substantially pare down the payrolls. At the local level this is nearly impossible to do, according to the Chairperson of the Anti-Corruption Commission, who notes that local officials fear political retribution if they purge the rolls.

Services Not Delivered

¶17. (U) There is generally little evidence of any public infrastructure "peace dividend" in the rural areas or major towns outside of Juba. What projects there are have been provided by international donors, private organizations and religious groups. There are very few new health facilities, primary schools, or water sources established by the GOSS. Donors are under enormous pressure to support the development plans of GOSS Ministries but face rising costs, challenging logistics and lack of upkeep of newly built

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facilities.

¶18. (U) The schools that exist are primarily simple mud and thatch buildings with little or no furniture, minimal supplies, if any, and often containing over a hundred children to a class. Local officials acknowledge that there is not much education going on in such settings, but stress that people want their children to be in some kind of school no matter how ill-equipped. The Yei Commissioner complained that his county was overrun by parents seeking to enroll their children in his schools because they were perceived as better than the even more austere structures in the surrounding countryside. Likewise, in Rumbek we witnessed dozens of people at a hospital despite an almost total lack of drugs or trained medical personnel.

But Lights on in Yei

¶19. (U) A good news story ConGen staff observed is USG-funded electrification in Yei town provided by the National Rural Electrification Cooperative Association (NRECA). NRECA is part of the Southern Sudan Rural Electrification Program funded by USAID to improve security and economic opportunities for local industry and commerce through the increased availability of electric power. Yei is the first and only city in Southern Sudan to have consistent lights restored. There is an impressive economic boom in Yei town evident in the pedestrian traffic at night and the new businesses that have sprung up and expanded. NRECA is concerned, however, because the local authorities have not paid their bills for months, putting in jeopardy the sustainability of a commercial power system.

Local officials harped about not getting funds from the GOSS, but promised to enter into a dialogue with NRECA to address the arrears and keep the lights on.

And Still they Come

¶110. (U) Despite the harsh conditions and lack of services in many of the rural areas and small towns, the reports on numbers of returnees is impressive. UNHCR continues to repatriate Sudanese from Uganda,

Kenya, Ethiopia, Egypt, Libya, the Central African Republic, and the Democratic Republic of the Congo, assisting over 50,000 refugees since 2005. Approximately 300,000 remain in neighboring countries and UNHCR plans to assist over 100,000 in 2007. These returnees are, however, overwhelming the schools, hospitals and other services in some communities, particularly urban towns, and are an increasing source of land disputes. Yei has reportedly grown from a little over 90,000 people last year to an estimated 212,000 this year. Nevertheless, while land disputes are a source of concern they have not reached alarming proportions, but raise issues which local authorities and some international organizations are working to manage.

Who is to Blame?

¶11. (SBU) There is growing anger that some in the GOSS are getting fat while the local communities go hungry. One government official in Yei showed ConGen staff the well-built house of a former GOSS Finance Ministry official in the midst of extreme poverty. Others openly criticize GOSS officials for neglecting the poor and for supplying themselves with cars, offices, frequent travel, as well as foreign schools and medical care for their families. These critics are equally harsh in condemning what they describe as Khartoum's efforts to support militias and maintain Sudan Armed Forces in the South to destabilize the area. The SPLA, as well as local and GOSS officials, continue to assert that Khartoum is supporting "Other Armed Groups" and the Lord's Resistance Army in the South (reftels).

Separation the Goal

¶12. (SBU) In response to questions on efforts in support of the census, 2009 elections and the subsequent referendum, local officials and average people speak little of the first two, but anxiously await a chance to "vote for separation." These people acknowledge a disconnect between the rhetoric of their SPLM leaders who publicly espouse a unity strategy, but who say they will be guided by the people, and the sentiments of the people who at this moment want separation from the North. There is little support among the average Southern Sudanese we meet for co-existence under a unified state. The distrust of the North and the desire to be free of Khartoum's influence remains strong. The apparent lack of more "peace dividends" is both the cause and effect of this sentiment in many Southerners' view.

POWERS